



## **COMMUNITY DEVELOPMENT COMMISSION**

### **County of Los Angeles**

2 Coral Circle • Monterey Park, CA 91755

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**Gloria Molina**  
**Yvonne Brathwaite Burke**  
**Zev Yaroslavsky**  
**Don Knabe**  
**Michael D. Antonovich**  
*Commissioners*

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**Carlos Jackson**

*Executive Director*

November 4, 2003

Honorable Board of Commissioners  
Community Development Commission  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Commissioners:

**APPROVE GRANT AGREEMENT WITH THE COFFEE BEAN & TEA LEAF, LLC  
TO FUND TENANT IMPROVEMENTS AND RENTAL ASSISTANCE (1)  
(3 Vote)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Find that the tenant improvements to be completed on 1,450 square feet of space leased by The Coffee Bean & Tea Leaf, LLC (The Coffee Bean) at the East Los Angeles Civic Center Plaza, located at 209 South Mednik Avenue in the Maravilla Community Redevelopment Project (MCRP) Area, are exempt from the National Environmental Policy Act (NEPA) and the California Environmental Quality Act (CEQA), as described herein, because the proposed project will not have the potential for causing a significant effect on the environment.
2. Approve a five-year Community Development Block Grant (CDBG) Agreement with The Coffee Bean, presented in substantially final form, to provide a total of \$435,750 for tenant improvements and rental assistance at the subject property, to be effective following approval as to form by County Counsel and execution by all parties.

3. Authorize the Executive Director to use CDBG funds allocated to the First Supervisorial District to provide \$327,000 for tenant improvements and up to \$14,500 for eight months of rental assistance to The Coffee Bean, as described herein, and to incorporate a total of \$341,500 into the Commission's approved Fiscal Year 2003-2004 budget.
4. Authorize the Executive Director to provide to The Coffee Bean continued rental assistance for the duration of the Agreement, using \$94,250 in CDBG funds allocated to the First Supervisorial District, contingent upon the availability of funds and approval of each fiscal year budget.
5. Authorize the Executive Director to enforce the terms and provisions of the Agreement including any necessary amendments, without increasing the amount of approved funding, as required to achieve the Agreement objectives, following approval as to form by County Counsel.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:**

The Agreement will fund tenant improvements and rental assistance that will help The Coffee Bean bring new jobs and services to the MCRP Area.

**FISCAL IMPACT/FINANCING:**

There is no impact on the County general fund. CDBG funds allocated to the First Supervisorial District will provide \$327,000 for tenant improvements and up to \$14,500 for rental assistance during the current fiscal year. In the subsequent years of the Agreement \$94,250 in CDBG funds allocated to the First Supervisorial District will provide funding for rental assistance through the annual budget process. The grant will total \$435,750 over the five-year period.

**FACTS AND PROVISIONS/LEGAL REQUIREMENTS:**

The MCRP Area is comprised of approximately 218 acres, with a residential population of over 5,000. The newly constructed East Los Angeles Civic Center Plaza is located in the MCRP Area and includes a combination of retail, restaurant and office space.

The Coffee Bean, the oldest and largest privately held specialty coffee and tea retailer and roaster in the United States, plans to lease 1,450 square feet of retail space in the East Los Angeles Civic Center Plaza. CDBG funds will be used to complete tenant improvements, which include the purchase of equipment and installation of fixtures and furniture. CDBG funds will also be used to provide rental assistance to The Coffee Bean for the first five years of operation.

The Coffee Bean will create 15 new employment opportunities for local low-income residents. This new business will serve residents of the MCRP Area, as well as visitors and staff from the nearby East Los Angeles Civic Center, the East Los Angeles Sheriff's Station, and the California Highway Patrol.

The improvements are being federally funded, and are not subject to the requirements of the Greater Avenue for Independence (GAIN) program implemented by the County of Los Angeles. Instead, The Coffee Bean must comply with Section 3 of the Housing and Community Development Act of 1968, as amended, which requires that employment and other economic opportunities generated by certain U.S. Department of Housing and Urban Development (HUD) assistance be directed to low- and very low-income persons, particularly to persons who are recipients of HUD housing assistance, to the greatest extent possible.

The Agreement will be effective following approval as to form by County Counsel and execution by all parties.

**ENVIRONMENTAL DOCUMENTATION:**

This project is exempt from the provisions of NEPA pursuant to 24 Code of Federal Regulations Part 58, Section 58.34 b(4) because it involves tenant improvements that will not have a physical impact or result in any physical changes to the environment. It is also exempt from the provisions of CEQA pursuant to State CEQA Guidelines 15061 (b)(3), because CEQA applies only to projects that have the potential for causing a significant effect on the environment.

The environmental review record for this project is available for viewing by the public during regular business hours at the Commission's main office, located at 2 Coral Circle, Monterey Park.

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**IMPACT ON CURRENT PROJECT:**

This project will bring new business opportunities and employment to the MCRP Area and provide services to local residents and visitors.

Respectfully submitted,

CARLOS JACKSON  
Executive Director

Attachment: 1

**GRANT AGREEMENT  
BETWEEN  
THE COMMUNITY DEVELOPMENT COMMISSION  
AND  
THE COFFEE BEAN & TEA LEAF, LLC**

This Grant Agreement (Agreement) is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2003 by and between the Community Development Commission of the County of Los Angeles, hereinafter called the "Commission", and International Coffee & Tea, LLC, hereinafter called the "The Coffee Bean".

**RECITALS**

WHEREAS, The Coffee Bean is a coffee and tea retailer who will occupy the commercial property located at 209 South Mednik Avenue, Los Angeles, California 90022, hereinafter called the "Property", which is located within the commercial development known as the East Los Angeles Civic Center Plaza.

WHEREAS, the Commission administers the Community Development Block Grant (CDBG) Program, under which a grant of FOUR HUNDRED THIRTY-FIVE THOUSAND SEVEN HUNDRED FIFTY DOLLARS (\$435,750) will be provided to The Coffee Bean for tenant improvements and rental assistance at the subject Property.

NOW, THEREFORE, for the consideration stated herein, the Commission and The Coffee Bean mutually agree as follows:

**TERMS AND CONDITIONS**

**1. Purpose**

The purpose of this Agreement is to provide funds that will enable The Coffee Bean to contract the services of a licensed "General Contractor" to complete tenant improvements (which include the purchase of equipment, fixtures and furniture, and installation of tenant improvements) and to provide rental assistance for business operations at the Property.

**2. Term**

This Agreement shall commence after the Shopping Center Lease dated as of September 29, 2003, by and between Mukai Maravila, LLC and The Coffee Bean for the Property is executed and Board of Commissioners of the Commission approval. This Agreement shall remain in full force and effect for a period of five (5) years.

**3. Grant Provisions**

- a. The Commission agrees to provide a portion of The Coffee Bean's monthly rent for a period of five (5) years. The total rental assistance for the five-year period will not exceed \$108,750 (\$1.16 per square foot per month) in CDBG grant funds. The Coffee Bean total rent, including Commission rental assistance, is \$203,678.04.

- b. The Commission agrees to provide The Coffee Bean with a grant not to exceed \$327,000 in CDBG funds for the tenant improvements identified in Attachment “A” of this Agreement. Any expenditures for tenant improvements that exceed the \$327,000 CDBG grant amount will be the sole responsibility of The Coffee Bean.
- c. The Coffee Bean agrees to conduct business operations at the Property for a period of five (5) years from the commencement of the lease and the start of business operations are open to the public. If The Coffee Bean ceases operations at the Property before the end of the five-year period, then The Coffee Bean agrees to repay to the Commission the remaining unamortized amount of the tenant improvements. For purposes of this Agreement, each full year of continuous operations of The Coffee Bean at the Property shall amortize the \$327,000 for the tenant improvements by twenty percent (20%). If The Coffee Bean ceases operations at the Property before the end of the five-year period, then the rent subsidy will end as of the month said operations cease.

#### **4. Source and Appropriation of Funds**

The Commission’s obligation is payable only and solely from CDBG funds appropriated through the U.S. Department of Housing and Urban Development (HUD), and for the purpose of this Agreement. All funds are appropriated every fiscal year beginning July 1.

In the event this Agreement extends into succeeding fiscal years and funds have not been appropriated, this Agreement will automatically terminate as of June 30 of the fiscal year for which funds were appropriated. The Commission will notify The Coffee Bean in writing within thirty (30) days of receipt of the non-appropriation notice.

This is a federally assisted Grant Agreement and Federal Labor standards, including Davis-Bacon requirements, will be enforced. The Construction Management Division (CMD) of the Commission will monitor construction work subject to Federal and/or State prevailing wage rates. All construction and labor, which shall include any on-site installation of equipment and tenant improvement components manufactured by an off-site vendor, is subject to monitoring by CMD.

#### **5. Proposed Scope of Tenant Improvements**

The tenant improvements described in Attachment “A” will be performed by a licensed General Contractor hired by The Coffee Bean, or The Coffee Bean may act as its own General Contractor. All equipment and furniture shall become the property of The Coffee Bean upon completion of the tenant improvements and final inspection by The Coffee Bean and Commission. General maintenance and repair of equipment and all other items, and their replacement shall be the sole responsibility of The Coffee Bean. Tenant improvements shall commence within thirty (30) days after The Coffee Bean and the Commission have executed this Agreement and The Coffee Bean’s receipt of all necessary permits and approvals from Building and Safety and The L.A. County Health Department.

#### **6. Payments to The Coffee Bean**

The Commission will reimburse The Coffee Bean for all monies expended or costs incurred for eligible tenant improvements, in an amount not to exceed \$327,000.

The Coffee Bean will submit to the Commission, upon completion of all tenant improvements, written requests for payment, with a certificate of occupancy issues by the County of Los Angeles, labor compliance and any other documentation to evidence eligible costs incurred, to the satisfaction of Commission. The Commission will approve documentation and payments will be processed within thirty (30) days of receipt of complete payment requests.

Reimbursement to The Coffee Bean for rental assistance will be made on a quarterly basis after The Coffee Bean submits to the Commission written receipts for rent payments. The Commission will approve documentation and payments will be processed within thirty (30) days of receipt of the approved request for reimbursement.

**7. Section 3 of the Housing and Community Development Act of 1968, As Amended**

- A. The work to be performed under this Agreement is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low-and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
- B. The parties to this Agreement agree to comply with HUD's regulations in 24 Code of Federal Regulations (CFR), Part 135, which implement Section 3. As evidenced by their execution of this Agreement, the parties to this Agreement certify that they are under no contractual or other impediment that would prevent them from complying with the Part 135 regulations.
- C. The Coffee Bean agrees to send to each labor organization or representative of workers with which it has a collective bargaining Agreement or other understanding, if any, a notice advising the labor organization or workers' representative of The Coffee Bean's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each, and the name and location of the person(s) taking applications for each of the positions, and the anticipated date the work shall begin.
- D. The Coffee Bean agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 135. The Coffee Bean will not subcontract with any subcontractor where it has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR Part 135.
- E. The Coffee Bean will certify that any vacant employment positions, including training positions, that are filled (i) after its is selected but before the Agreement is executed, and (ii) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent The Coffee Bean's obligations under 24 CFR Part 135.

- F. Noncompliance with HUD's regulations in 24 CFR Part 135 may result in sanctions, termination of this Agreement for default, and debarment or suspension from future HUD assisted contracts.
- G. With respect to work performed in connection with Section 3 covered Indian housing assistance, Section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this Agreement. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this Agreement that are subject to the provisions of Section 3 and Section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with Section 7(b).

**8. Access to the Property**

The Coffee Bean agrees to allow the Commission's staff, its consultants, project managers, agents, or other designees to enter the Property for the purposes of conducting surveys to determine appropriate use of the Property, and to conduct pre- and post-construction condition surveys. The Coffee Bean will make every attempt to keep the Commission informed about the overall project schedule. The Coffee Bean agrees to make reasonable efforts to be present when the consultants, project managers, contractors or Commission staff visit the Property when necessary. The Coffee Bean will notify the Commission in advance of the date of commencement of Work at the Property.

During the construction period, The Coffee Bean agrees to be responsible for safeguarding all valuables and merchandise. The Coffee Bean further agrees to provide access throughout the period of construction and for reasonable periods thereafter to inspect the condition of the Work.

**9. Termination for Improper Consideration**

The Commission may, by written notice to The Coffee Bean, immediately terminate the right of The Coffee Bean to proceed under this Agreement if it is found that consideration, in any form, was offered or given by The Coffee Bean, either directly or through an intermediary, to any Commission officer, employee or agent with the intent of securing this Agreement or securing favorable treatment with respect to the award, amendment or extension of this Agreement or the making of any determinations with respect to The Coffee Bean's performance pursuant to this Agreement. In the event of such termination, the Commission shall be entitled to pursue the same remedies against The Coffee Bean as it could pursue in the event of default by The Coffee Bean.

The Coffee Bean shall immediately report any attempt by a Commission officer or employee to solicit such improper consideration. The report shall be made either to the Commission's Executive Director or designee.

**10. Termination For Convenience**

The Commission by and through its Executive Director, reserves the right to cancel this Agreement for any reason at all upon thirty (30) days prior written notice to The Coffee Bean. In the event of such termination, The Coffee Bean shall be entitled to a prorated portion paid for all



satisfactory work unless such termination is made for cause, in which event, compensation if any, shall be adjusted in such termination.

**11. Termination For Default**

The Commission by and through its Executive Director, may terminate this Agreement immediately in whole or in part by providing to The Coffee Bean a written Notice of Default if (i) The Coffee Bean fails to perform the duties within the provisions of this Agreement or any extensions approved by the Commission; (ii) The Coffee Bean fails to perform any other covenant or conditions of this Agreement; or (iii) The Coffee Bean fails to make progress so as to endanger its performance under this Agreement.

In its sole discretion, Commission may include in the Notice of Default a period of time for The Coffee Bean to cure the Default(s).

Without limitation of any additional rights or remedies to which it may be entitled, if the Commission terminates all or part of this Agreement because of Default by The Coffee Bean, the Commission, may require The Coffee Bean to return to the Commission all funds paid to The Coffee Bean pursuant to this Agreement within thirty (30) days from the date of written notice from the Commission to The Coffee Bean.

**12. Termination for Cause**

This Agreement by and through its Executive Director, may be terminated by the Commission upon written notice to The Coffee Bean for just cause (failure to perform satisfactorily) with no penalties incurred by the Commission upon termination or upon the occurrence of any of the following events in a, b, c or d:

- a. Should The Coffee Bean fail to perform all or any portion of the tenant improvements required to be performed hereunder in a timely and professional manner or properly carry out the provisions of this Agreement in their true intent and meaning, then in such case, notice thereof in writing will be served upon The Coffee Bean, and should The Coffee Bean neglect or refuse to provide a means for satisfactory compliance with this Agreement and with the direction of the Commission within the time specified in such notice, the Commission shall terminate this Agreement.
- b. Should The Coffee Bean fail within five (5) days to perform in a satisfactory manner, in accordance with the provisions of this Agreement, or if the work to be done under this Agreement is abandoned for more than three (3) days by The Coffee Bean, then notice of deficiency thereof in writing will be served upon The Coffee Bean by the Commission. Should The Coffee Bean fail to comply with the terms of this Agreement within five (5) days, upon receipt of said written notice of deficiency, the Executive Director of Commission shall have the power to suspend or terminate the operations of The Coffee Bean in whole or in part.
- c. In the event that a petition of bankruptcy shall be filed by or against The Coffee Bean.

- d. If, through any cause, The Coffee Bean shall fail to fulfill, in a timely and proper manner, the obligations under this Agreement, or if The Coffee Bean shall violate any of the covenants, agreements, or stipulations of this Agreement, the Commission shall thereupon have the right to terminate this Agreement by giving written notice to The Coffee Bean of such termination and specifying the effective date thereof, at least five (5) days before the effective date of such termination. In such event, all finished or unfinished documents, data, studies, surveys, drawings, maps, models, photographs and reports prepared by The Coffee Bean under this Agreement shall, at the option of the Commission, become the Commission's property.

### **13. Successor and Assignment**

This Agreement may not be assigned by The Coffee Bean except with prior written consent of the Executive Director of the Commission, or his designee. However, the Commission reserves the right to assign this Agreement to another public agency without the consent of The Coffee Bean.

### **14. Insurance**

The Coffee Bean shall procure and maintain at its expense for the duration of this Agreement the following insurance against claims for injuries to persons or damage to property, which may arise from or in connection with the performance of this Agreement by The Coffee Bean, its agents, representatives, employees or subcontractors.

- a. GENERAL LIABILITY INSURANCE (written on ISO policy form CG00 01 or its equivalent) with limits of not less than the following:

General Aggregate	\$2,000,000
Products/Completed Operations Aggregate	\$1,000,000
Personal and Advertising Injury	\$1,000,000
Each Occurrence	\$1,000,000

The Commission, the Housing Authority of the County of Los Angeles ("Housing Authority"), the County of Los Angeles ("County"), and their officials and employees, shall be covered as insureds with respect to: liability arising out of activities performed by or on behalf of The Coffee Bean; products and completed operations of The Coffee Bean; premises owned, leased or used by The Coffee Bean.

- b. WORKERS' COMPENSATION AND EMPLOYER'S LIABILITY insurance providing workers' compensation benefits, as required by the Labor Code of the State of California.

In all cases, the above insurance also shall include Employer's Liability coverage with limited of not less than the following:

Each Accident	\$1,000,000
Disease-policy limit	\$1,000,000
Disease-each employee	\$1,000,000

The Commission must separately approve any self-insurance program and self-insured retention.

Each insurance policy shall be endorsed to state that coverage shall not be canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice has been given to the Commission.

Acceptable insurance coverage shall be placed with carriers admitted to write insurance in California or carriers with a rating of or equivalent to A:VIII by A.M. Best & Company. Any deviation from this rule shall require specific approval in writing by the Commission.

All coverage for general contractors shall be subject to the requirements stated herein and shall be maintained at no expense to the Commission

Upon execution of this Agreement and delivery of the Property to The Coffee Bean, The Coffee Bean shall furnish the Commission certificates of insurance and with original endorsements affecting coverage as required above. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf.

Failure on the part of The Coffee Bean to procure or maintain insurance required by this Agreement shall constitute a material breach of contract upon which the Commission may immediately terminate this Agreement.

#### **15. Indemnification**

- a. Following completion of the tenant improvements and final inspection by the Commission, the tenant improvements will remain under warranty by The Coffee Bean for a period of one (1) year after which time the tenant improvements will be the sole responsibility of The Coffee Bean. The Coffee Bean recognizes that if a defect is detected within any applicable warranty period, such defect shall be communicated to the General Contractor as soon as practicable. The Coffee Bean agrees that only The Coffee Bean shall be responsible to correct defective tenant improvements. All manufacturer's warranties and guarantees will be obtained by The Coffee Bean, and if any materials have a warranty extending beyond one (1) year, then The Coffee Bean shall be entitled to such warranty as is applicable.
- b. The Coffee Bean shall indemnify, defend and hold harmless the Commission, the Housing Authority, the County and their elected and appointed officers, employees, and agents from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with The Coffee Bean's acts and/or omissions arising from and/or relating to this Agreement. This indemnification shall not apply to the gross negligence or willful misconduct of the indemnified parties hereunder.
- c. The Coffee Bean shall indemnify, defend, save and hold harmless the Commission, the Housing Authority, County, their agents, employees and officers from any and all claims, liabilities, damages and losses arising from tenant improvements performed by The Coffee Bean or Contractor, including work performed by any and all subcontractors, material-person, laborers and any other person, firm or corporation furnishing or supplying work, services, materials, or supplies in connection with the tenant improvements under this Agreement and arising from the condition of the Property existing on the date of commencement of the tenant improvements, and from any claims, liabilities, damages, and losses for workers' compensation arising from the performance of the work under this Agreement by The Coffee Bean or its general contractor. It is understood that the

employees of The Coffee Bean are not agents or employees of the Commission, Housing Authority or the County. This indemnification shall not apply to the gross negligence or willful misconduct of the indemnified parties hereunder.

**16. Changes to the Work**

- a. In the event that deletions, additions or reductions to the tenant improvements as described in Attachment “A”, are required, the Commission by and through its Executive Director must first determine CDBG eligibility and approve prior to completion of tenant improvements.
- b. The Coffee Bean accepts all responsibility for the cost of all tenant improvements in excess of the grant amount.

**17. Maintenance of Property**

The Coffee Bean shall not remove or destroy any of the materials and equipment installed as part of the tenant improvements, except as may be required in the normal course of use, maintenance and/or repair of such items. Unauthorized modifications of the tenant improvements, or removal or destruction of material or other acts to reduce the effectiveness of the tenant improvements by The Coffee Bean during the useful life of the tenant improvements may result in a degradation of the subject Property and will constitute a default under the terms and conditions of this Agreement.

**18. Long-Term Maintenance of the Property**

The Coffee Bean shall maintain the Property in good repair, working order and condition. The Coffee Bean shall make all necessary and proper repairs, renewals and replacements in a timely and professional manner. The Coffee Bean shall not commit or permit any waste or deterioration of the Property. Except as otherwise provided in its lease for the Property, The Coffee Bean shall keep and maintain abutting grounds, parking and landscape areas in good and neat order and repair. The Coffee Bean shall not commit any act to be done in or upon the Property in violation of any law, ordinance or regulation.

**19. Lobbyist Requirements**

Federal Lobbyist Requirements: The Coffee Bean is prohibited by the Department of Interior and Related Agencies Appropriations Act, known as the Byrd Amendments, and HUD's 24 CFR Part 87, from using federally appropriated funds for the purpose of influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, loan or cooperative agreement, and any extension, continuation, renewal, amendment or modification of said documents.

The Coffee Bean must certify in writing on the Federal Lobbyist Requirements Certification (Attachment “B”) form that they are familiar with the Federal Lobbyist Requirements and that all

persons and/or general contractors acting on behalf of The Coffee Bean will comply with the Lobbyist Requirements.

Failure on the part of The Coffee Bean or persons/general contractors acting on behalf of The Coffee Bean to fully comply with the Federal Lobbyist Requirements may be subject to civil penalties.

The Coffee Bean and each County lobbyist or County lobbyist firm, as defined in Los Angeles County Code Chapter 2.160 (County Ordinance 93-0031), retained by The Coffee Bean, shall fully comply with the requirements as set forth in said County Code. The Coffee Bean must also certify in writing that he or she is familiar with the Los Angeles County Code Chapter 2.160 (Attachment "C") and that all persons acting on behalf of The Coffee Bean will comply with the County Code.

Failure on the part of The Coffee Bean and or Lobbyist to fully comply with the County Lobbyist requirements shall constitute a material breach of the Agreement upon which The Coffee Bean and Commission may immediately terminate this Agreement and The Coffee Bean shall be liable for civil action.

**20. Commission's Quality Assurance Plan**

The Commission will evaluate The Coffee Bean's performance under this Agreement on not less than an annual basis. Such evaluation will include assessing The Coffee Bean's compliance with all Agreement terms and performance standards. The Coffee Bean deficiencies which the Commission determines are severe or continuing and that may place performance of the Agreement in jeopardy if not corrected will be reported to the Board of Commissioners. The report will include improvement/corrective action measures taken by the Commission and The Coffee Bean. If improvement does not occur consistent with the corrective action measures, the Commission may terminate this Agreement or seek other remedies as specified in this Agreement.

**21. Post Most Wanted Delinquent Parents List**

The Coffee Bean acknowledges that the Commission places a high priority on the enforcement of child support law as and the apprehension of child support laws and the apprehension of child support evaders. The Coffee Bean understands that it is the Commission's policy to encourage its contractors voluntarily post a list entitled "L.A.'s Most Wanted: Delinquent Parents" poster in a prominent position at The Coffee Bean's place of business. The District Attorney will supply The Coffee Bean with the poster to be used.

**22. Adherence to Commission's Child Support Compliance Program**

The Coffee Bean acknowledges that the Commission has established a goal of ensuring that all individuals who benefit financially from the Commission through contracts are in compliance with their court-ordered child, family and spousal support obligations in order to mitigate the economic burden otherwise imposed upon County and its taxpayers.

Without limiting The Coffee Bean's duty under this Agreement to comply with all applicable provisions of law, The Coffee Bean warrants that it is now in compliance and shall during the term of this Agreement maintain compliance with employment and wage reporting requirements as required by the Federal Social Security Act (42 USC Section 653a) and California Unemployment Insurance Code Section 1088.5, and shall implement all lawfully served Wage

and Earnings Withholding Orders or District Attorney Notices of Wage and Earnings Assignment for Child or Spousal Support, pursuant to Code of Civil Procedure Section 706.031 and Family Code Section 5246(b).

**23. Termination For Breach of Warranty to Maintain Compliance With Commission's Child Support Compliance Program**

Failure of The Coffee Bean to maintain compliance with the requirements set forth in Paragraph 22, "The Coffee Bean's Warranty of Adherence to Commission's Child Support Compliance Program" shall constitute a default by The Coffee Bean under this Agreement. Without limiting the rights and remedies available to Commission under any other provision of this Agreement, failure to cure such default within ninety (90) days of notice by the Los Angeles County Child Support Services Department (CSSD) shall be grounds upon which the Commission may terminate this Agreement pursuant to Paragraph 12, "Termination For Cause".

**24. Notice to Employees Regarding the Safely Surrendered Baby Law**

The Coffee Bean shall notify and provide to its employees, and shall require General Contractor or subcontractors to notify and provide to its employees, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. The fact sheet is set forth in Attachment D (Safely Surrendered Baby Law) of this Agreement and is also available on the Internet at [www.babysafela.org](http://www.babysafela.org) for printing purposes.

**25. The Coffee Bean's Acknowledgement of Commission's Commitment To The Safely Surrendered Baby Law**

The Coffee Bean acknowledges that the Commission places a high priority on the implementation of the Safely Surrendered Baby Law. The Coffee Bean understands that it is the Commission's policy to encourage all Commission consultants to voluntarily post the Commission's "Safely Surrendered Baby Law" poster in a prominent position at the consultant's place of business. The Coffee Bean will also encourage its General Contractors, if any, to post this poster in a prominent position in the General Contractor's place of business. The County's Department of Children and Family Services will supply The Coffee Bean with the poster to be used.

**26. Independent Contractor**

This Agreement does not, is not intended to, nor shall it be construed to create the relationship of agent, employee or joint venture between the Commission and The Coffee Bean.

**27. Employees of The Coffee Bean**

*Workers' Compensation:* The Coffee Bean understands and agrees that all persons furnishing services to the Commission pursuant to this Agreement are, for the purposes of Workers' Compensation liability, employees solely of The Coffee Bean. The Coffee Bean shall bear sole responsibility and liability for providing Workers' Compensation benefits to any person for injuries arising from an accident connected with services provided to the Commission under this Agreement.

*Professional Conduct:* The Commission does not and will not condone any acts, gestures, comments or conduct from The Coffee Bean's employees, agents or general contractors which may be construed as sexual harassment or any other type of activities or behavior that might be construed as harassment.

The Commission will properly investigate all charges of harassment by residents, employees or agents of the Commission against any and all The Coffee Bean's employees, agents or general contractors providing services for the Commission. The Coffee Bean assumes all liability for the actions of The Coffee Bean's employees, agents or general contractors and is responsible for taking appropriate action after The Coffee Bean receives reports of harassment.

**28. Access and Retention of Records**

The Coffee Bean shall provide access to the Commission, the Federal Grantor agency, the Comptroller General of the United States, or any of their duly authorized representatives to any books, documents, papers and records of The Coffee Bean pertinent to this Agreement for the purpose of making audits, examinations, excerpts and transcriptions.

The Coffee Bean will be required to maintain a current inventory of all non-expendable property items for which CDBG funds were used. This includes, but is not limited to, a description of the property, serial or ID number, source of funds that purchased the item, date of purchase, cost, location, condition of property, and date of disposal and sale price.

The Coffee Bean will be responsible for maintaining during the term of the lease of the Property and from the start of business operations are open to the public and three (3) years thereafter, complete and adequate financial records and accounts as are considered necessary by the Commission to assure proper accounting of all CDBG funds.

The records and accounts shall include, but not be limited to the following: a General Ledger that supports the costs charged to the CDBG funds, records documenting procurement of goods and services, contracts for goods or services, lease or rental agreements, and invoices.

The Coffee Bean and the Executive Director of the Commission must approve any amendments to this Agreement, which shall be in writing and executed by both parties.

**29. Compliance with Laws**

The Coffee Bean agrees to be bound by applicable federal, state and local laws, regulations, and directives as they pertain to the performance of this Agreement. This Agreement is subject to and incorporates the terms of the Housing and Community Development Act of 1974, as amended by the Cranston-Gonzalez National Affordable Housing Act, 1990, and the 24 CFR Part 85.

**30. Drug-Free Workplace Act of the State of California**

The Coffee Bean certifies under penalty of perjury under the laws of the State of California that The Coffee Bean will comply with the requirements of the Drug-Free Work-place Act of 1990.

**31. Safety Standards and Accident Prevention**

The Coffee Bean shall comply with all applicable federal, state and local laws governing safety, health and sanitation. The Coffee Bean shall provide all safeguards, safety devices and protective equipment and take any other needed actions, as its own responsibility, reasonably necessary to protect the life and health of employees on the job and the safety of the public and to protect property in connection with the performance of this Agreement.

**32. Civil Rights Act of 1964, Title VI (Non-discrimination in Federally Assisted Programs)**

The Coffee Bean shall comply with the Civil Rights Act of 1964 Title VI which provides that no person shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.

**33. Section 109 of the Housing and Community Development Act of 1974**

The Coffee Bean shall comply with Section 109 of the Housing and Community Development Act of 1974 which states that no person in the United States shall, on the grounds of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this title.

**34. Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973**

The Coffee Bean shall comply with the Age Discrimination Act of 1975 and section 504 of the Rehabilitation Act of 1973, which require that no person in the United States shall be excluded from participating in, denied the benefits of, or subject to discrimination under this Agreement on the basis of age or with respect to an otherwise qualified disabled individual.

**35. Executive Order 11246 and 11375, Equal Opportunity in Employment (Non-discrimination in Employment by Government Contractors and Subcontractors)**

The Coffee Bean shall comply with Executive Order 11246 and 11375, Equal Opportunity in Employment, which requires that during the performance of this Agreement, The Coffee Bean will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. The Coffee Bean will take affirmative action to ensure that applicants are employed, and that employees are treated fairly during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Coffee Bean agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of the non-discrimination clause.

**36. Notice to Employees Regarding the Federal Earned Income Credit**

The Coffee Bean shall notify its employees, and shall require each subcontractor to notify its employees, that they may be eligible for the Federal Earned Income Credit under the federal income tax laws. Such notice shall be provided in accordance with the requirements set forth in Internal Revenue Service Notice 1015.

**37. Use of Recycled-Content Paper Products**



The Coffee Bean agrees to use recycled-content paper to the maximum extent possible at the Property in order to reduce the amount of solid waste deposited at the County's landfills.

**38. Notices**

The Coffee Bean and Commission shall provide the other with notice of any injury or damage arising from or connected with services rendered pursuant to this Agreement to the extent that The Coffee Bean and Commission have actual knowledge of such injury or damage. The Coffee Bean and Commission shall provide such notice within ten (10) days of receiving actual knowledge of such injury or damage.

Notices provided for in this Agreement shall be in writing and shall be addressed to the person intended to receive the same, at the following addresses:

Commission:                      Community Development Commission  
   2 Coral Circle  
   Monterey Park, CA 91755  
   Attn.: Cordé Carrillo

The Coffee Bean:                Paul J. Goldman, V.P. Real Estate and Construction  
   The Coffee Bean & Tea Leaf  
   1945 South La Cienega Boulevard  
   Los Angeles, CA 90034

Notices addressed as indicated above shall be deemed delivered three (3) business days after mailed by U.S. Mail or when delivered in person with written acknowledgement of receipt thereof. The Commission and The Coffee Bean may designate a different address or addresses for notices to be sent by giving written notice of such change of address to all other parties entitled to receive notices.

**39. Contract and Subcontractor Agreements**

The Coffee Bean agrees not to enter into any agreements with the contractor or subcontractor (s) regarding changes to the tenant improvements as described in Attachment "A" or for additional work without the express written consent of the Commission.

**40. Conflict of Interest**

The Coffee Bean represents, warrants and agrees that to the best of its knowledge, it does not presently have, nor will it acquire during the term of this Agreement, any interest direct or indirect, by contract, employment or otherwise, or as a partner, joint venture or shareholder (other than as a shareholder holding a one percent (1%) or less interest in publicly traded companies) or affiliate with any business or business entity that has entered into any contract, subcontract or arrangement with the Commission. Upon execution of this Agreement and during its term, as appropriate, The Coffee Bean shall, disclose in writing to the Commission any other contract or employment during the term of this Agreement by any other persons, business or corporation in which employment will or may likely develop a conflict of interest between the Commission's interest and the interests of the third parties.

**41. Confidentiality of Reports**

The Coffee Bean shall keep confidential all reports, information and data received, prepared or assembled pursuant to performance hereunder. Such information shall not be made available to any person, firm, corporation or entity without the prior written consent of the Commission.

**42. Copyright**

No report, maps, or other documents produced in whole or in part under this Agreement shall be the subject of an application for copyright by or on behalf of The Coffee Bean. All such documents become the property of the Commission and the Commission holds all the rights to said data.

**43. Severability**

In the event that any provision herein contained is held to be invalid, void, or illegal by any court of competent jurisdiction, the same shall be deemed severable from the remainder of this Agreement and shall in no way affect, impair or invalidate any other provision contained herein. If any such provision shall be deemed invalid due to its scope or breadth, such provision shall be deemed valid to the extent of the scope or breadth permitted by law.

**44. Interpretation**

No provision of this Agreement is to be interpreted for or against either party because that party or that party's legal representative drafted such provision, but this Agreement is to be construed as if drafted by both parties hereto.

**45. Waiver**

No breach of any provision hereof can be waived unless in writing. Waiver of any one breach of any provision shall not be deemed to be a waiver of any breach of the same or any other provisions hereof.

**46. Administration**

The Executive Director of the Commission shall act as the administrator of this Agreement for the Commission.

**47. Indemnification Agreement**

This Agreement is contingent upon receipt of an Agreement for Indemnification (Attachment "E") executed by Mukai Maravilla, LLC with respect to grant assistance to The Coffee Bean.

**48. Entire Agreement**

This Agreement, with four (4) attachments constitutes the entire understanding and agreement of the parties.

Attachment "A" – Tenant Improvements  
Attachment "B" – Federal Lobbyist Form  
Attachment "C" – County Lobbyist Form  
Attachment "D" – Safely Surrendered Baby Law

Attachment “E” – Agreement for Indemnification

**SIGNATURES**

IN WITNESS WHEREOF, The Coffee Bean and the Commission have executed this Agreement through their duly authorized officers this \_\_\_\_\_ day of \_\_\_\_\_, 2003.

INTERNATIONAL COFFEE & TEA, LLC,  
a Delaware limited liability company

By \_\_\_\_\_  
Sunny Sassoon, CEO

By: \_\_\_\_\_  
Paul Goldman, V.P. Real Estate and Construction

COMMUNITY DEVELOPMENT  
COMMISSION  
OF THE COUNTY OF LOS ANGELES

By \_\_\_\_\_  
CARLOS JACKSON, Executive Director

APPROVED AS TO PROGRAM:

By \_\_\_\_\_  
CORDE CARRILLO, Director  
Economic/Redevelopment Division

APPROVED AS TO FORM:  
LLOYD W. PELLMAN  
County Counsel

By \_\_\_\_\_  
Deputy

## Attachment "A"

### TENANT IMPROVEMENTS

The Coffee Bean shall be responsible for obtaining all proper permits, licenses and warranties to complete the tenant improvements for a cost not exceeding \$327,000. The Coffee Bean shall be responsible for purchasing and installing the following items at the subject Property:

#### Store Equipment

Phone system  
Espresso machine  
Reverse osmosis system  
Ice machine  
Refrigeration  
Grinders  
Cup, lid and label dispensers and extract dispenser  
Blenders  
Brewer equipment  
Water spigot and water station  
Dishwashers  
Towel and soap dispensers  
Trash receptacles and trash chutes  
Safe  
Shelving and storage cabinet  
Stereo system, speakers, volume control  
Miscellaneous (Fire pit and grill, HVAC)  
Split case  
Freight service  
Heat sealer  
Microwave  
Card punch  
Scale and Coffee Bean holder  
Dipper well  
Miscellaneous (Clock, frames, and Eliason door)  
Lockers  
Mop holder  
Toaster  
Air curtain

#### Technical Equipment

Point of Sale System – wiring (labor and materials)  
Security system  
New Kitchen Video System

#### Manufactured items

Indoor and outdoor furniture  
Vinyl and tile flooring materials  
Stainless steel counters and sinks  
Cabinets and millwork  
Cabinets and millwork installation  
Lighting-materials

#### Installation Work

Flooring  
Interior concrete  
Interior masonry  
Carpentry-backing  
roofing  
Doors/windows/hardware  
Drywall/framing  
Flooring-tile installation  
Flooring-vinyl installation  
Suspended ceiling  
Painting  
Walls/windows covering  
Deliveries/equipment setup  
Fire protection  
Plumbing/ labor and materials  
Heating, vacuum, air conditioning/labor  
Heating, vacuum, air condition/materials  
Electrical-labor and materials  
Testing and inspection  
Architectural drawings  
Final cleaning  
Exterior signs  
Permits and processing  
Awnings  
Interior window sign  
Structural engineer  
Other necessary engineers  
Drawings

**Scope of Work will be completed for a total value not to exceed \$327,000.**

## FEDERAL LOBBYIST REQUIREMENTS

### CERTIFICATION

Name of Firm: \_\_\_\_\_ Date: \_\_\_\_\_

Address: \_\_\_\_\_

State: \_\_\_\_\_ Zip Code: \_\_\_\_\_ Phone No. : \_\_\_\_\_

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Acting on behalf of the above named firm, as its Authorized Official, I make the following Certification to the Department of Housing and Urban Development (HUD) and the Community Development Commission, County of Los Angeles:

- 1) No Federal appropriated funds have been paid, by or on behalf of the above named firm to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of and Federal grant, loan or cooperative agreement, and any extension, continuation, renewal, amendment, or modification thereof, and;
- 2) If any funds other than Federal appropriated funds have paid or will be paid to any person for influencing or attempting to influence an officer or employee or any agency, a Member of Congress an officer or employee of Congress or an employee of a Member of Congress in connection with this Federal contract, grant loan, or cooperative agreement, the above named firm shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying", in accordance with its instructions, and;
- 3) The above name firm shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreement) and that all sub-recipients shall certify and disclose accordingly.

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This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into the transaction imposed by Section 1352 Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Authorized Official:

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**COUNTY LOBBYIST CODE CHAPTER 2.160**  
**COUNTY ORDINANCE NO. 93-0031**

**CERTIFICATION**

Name of Firm: \_\_\_\_\_ Date: \_\_\_\_\_

Address: \_\_\_\_\_

State: \_\_\_\_\_ Zip Code: \_\_\_\_\_ Phone No.: \_\_\_\_\_

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Acting on behalf of the above named firm, as its Authorized Official, I make the following Certification to the County of Los Angeles and the Community Development Commission, County of Los Angeles:

- 1) It is understood that each person/entity/firm who applies for a Community Development Commission contract, and as part of that process, shall certify that they are familiar with the requirements of the Los Angeles County Code Chapter 2.160, (Los Angeles County Ordinance 93-0031) and;
  - 2) That all persons/entities/firms acting on behalf of the above named firm have and will comply with the County Code, and;
  - 3) That any person/entity/firm who seeks a contract with the Community Development Commission shall be disqualified therefrom and denied the contract and, shall be liable in civil action, if any lobbyist, lobbying firm, lobbyist employer or any other person or entity acting on behalf of the above named firm fails to comply with the provisions of the County Code.
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This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into contract with the Los Angeles County and the Community Development Commission, County of Los Angeles.

Authorized Official:

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**AGREEMENT FOR INDEMNIFICATION OF  
THE COMMUNITY DEVELOPMENT COMMISSION  
OF THE COUNTY OF LOS ANGELES  
FOR GRANT ASSISTANCE TO  
THE COFFEE BEAN & TEA LEAF, LLC**

This Agreement for Indemnification is made this \_\_\_\_ day of \_\_\_\_\_, 2003 by Mukai Maravilla, LLC as an indemnification of the Community Development Commission of the County of Los Angeles ("Commission") for entering into a Grant Agreement with The Coffee Bean & Tea Leaf, LLC ("The Coffee Bean") for the provision of Community Development Block Grant (CDBG) Funds for tenant improvements and rental assistance in the East Los Angeles Civic Center Plaza.

**RECITALS**

**WHEREAS**, the Board of Commissioners of the Commission approved an Owner Participation Agreement (OPA) on August 22, 2000, amended January 28, 2003, with Mukai Maravilla, LLC for the development of a 2.14 acre commercial center (East Los Angeles Civic Center Plaza) in the Maravilla Redevelopment Project Area; and

**WHEREAS**, The Coffee Bean has applied for and has been approved for a Grant in the amount of FOUR HUNDRED THIRTY-FIVE THOUSAND SEVEN HUNDRED FIFTY DOLLARS (\$435,750) and Mukai Maravilla, LLC desires the Commission to enter into a CDBG grant agreement (Grant Agreement) with The Coffee Bean to fund tenant improvements and rental assistance at 209 South Mednik Avenue, Los Angeles, CA 90022 (Coffee Bean Project) within the East Los Angeles Civic Center Plaza.

**WHEREAS**, the Commission may then provide CDBG assistance to fund the Coffee Bean Project under this Agreement only on the condition that Mukai Maravilla, LLC executes and complies with this Agreement for Indemnification; and

**WHEREAS**, the Commission delivered to Ron Mukai, authorized member of Mukai Maravilla, LLC a letter dated December 11, 2001, attached hereto as Exhibit "A", informing Mukai Maravilla, LLC that Senate Bill 975 (SB975) was signed into law, and SB975, attached hereto as Exhibit "B", regarding the payment of prevailing wages for certain public works construction; and

**WHEREAS**, the Commission and Mukai Maravilla, LLC have discussed the scope of SB975; and

**WHEREAS**, Mukai Maravilla, LLC has thoroughly investigated any potential applicability of SB975 to the East Los Angeles Civic Center Plaza, including the Coffee Bean Project; and



## AGREEMENT

In consideration of the Commission entering into a Grant Agreement, with The Coffee Bean, Mukai Maravilla, LLC agrees as follows:

1. Mukai Maravilla, LLC shall indemnify, defend and hold harmless the Commission, the Housing Authority, the County, and their agents, employees and officers with respect to any and all claims, rights, actions, causes of actions, liability, costs, attorney fees, court costs, fees and expenses of every kind, (collectively claims) including any claims relating to prevailing wages which may result or arise from the Grant Agreement.

2. Mukai Maravilla, LLC represents to have carefully read and to fully understand all of the provisions of this Agreement for Indemnification, and acknowledges to willingly and voluntarily enter into this Agreement for Indemnification without any duress or undue influence.

MUKAI MARAVILLA, LLC

By: \_\_\_\_\_

Ron Mukai, Its Member  
Mukai Maravilla, LLC  
149 S. Mednik Avenue  
Los Angeles, CA 90022

Date: \_\_\_\_\_

State of California

County of Los Angeles

On \_\_\_\_\_, before me, \_\_\_\_\_, personally

appeared, \_\_\_\_\_  
personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

\_\_\_\_\_  
(SEAL)  
Notary Signature